

A *udit*

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PROMPTNESS AND COMPLETENESS OF
FY 2001 FOURTH QUARTER DOD PAYMENTS TO
THE U.S. TREASURY FOR WATER AND SEWER SERVICES
PROVIDED BY THE DISTRICT OF COLUMBIA

Report No. D-2001-159

July 13, 2001

Office of the Inspector General
Department of Defense

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Abstract This report is the third in a series of quarterly reports and discusses the promptness and completeness of DoD payments for water and sewer services provided by the District of Columbia for the fourth quarter of FY 2001. The audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency to report to the House and Senate Appropriations Committees on the promptness of each agency's payments of bills for water and sewer services received from the District of Columbia. The inspector general reports are to be submitted to the Committees within 15 days of the end of each quarter. The District of Columbia Water and Sewer Authority provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. The U.S. Treasury is the collection agent for Federal agencies and DoD Components water and sewer payments, with the U.S. Treasury submitting a single payment to the Water and Sewer Authority. The DoD Components, composed of 18 separate installations, sites, and organizations, are required to make quarterly payments to the U.S. Treasury for the services provided.		
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Acronyms

AFB	Air Force Base
DFAS	Defense Finance and Accounting Service
FOWM	Federally Owned Water Main
WASA	Water and Sewer Authority



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

July 13, 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE
DIRECTOR, WASHINGTON HEADQUARTERS
SERVICES
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
NAVAL INSPECTOR GENERAL

SUBJECT: Audit Report on Promptness and Completeness of FY 2001 Fourth Quarter
DoD Payments to the U.S. Treasury for Water and Sewer Services
Provided by the District of Columbia (Report No. D-2001-159)

We are providing this report for information and use. This is the third in a series of audits we conducted in response to the requirements of Public Law 106-554, the Consolidated Appropriations Act of 2001. We considered comments from the Department of the Air Force when preparing the final report. The complete text of the comments is in the Management Comments section of the report. We also considered informal comments from the other DoD Components when preparing the final report.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Marvin L. Peek at (703) 604-9587 (DSN 664-9587) (mpeek@dodig.osd.mil) or Mr. Ronald W. Hodges at (703) 604-9592 (DSN 664-9592) (rhodges@dodig.osd.mil). See Appendix C for the report distribution. The audit team members are listed inside the back cover.

A handwritten signature in black ink, reading "David K. Steensma".

David K. Steensma
Acting Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. D-2001-159

July 13, 2001

(Project No. D2001FA-0070.002)

Promptness and Completeness of FY 2001 Fourth Quarter DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia

Executive Summary

Introduction. This report is the third in a series of quarterly reports and discusses the promptness and completeness of DoD payments for water and sewer services provided by the District of Columbia for the fourth quarter of FY 2001. The audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency to report to the House and Senate Appropriations Committees on the promptness of each agency's payments of bills for water and sewer services received from the District of Columbia. The inspector general reports are to be submitted to the Committees within 15 days of the end of each quarter.

The District of Columbia Water and Sewer Authority provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. The U.S. Treasury is the collection agent for Federal agencies' and DoD Components' water and sewer payments, with the U.S. Treasury submitting a single payment to the Water and Sewer Authority. The DoD Components, composed of 18 separate installations, sites, and organizations, are required to make quarterly payments to the U.S. Treasury for the services provided.

Objective. The audit objective was to determine the promptness of quarterly DoD payments to the U.S. Treasury for water and sewer services provided by the District of Columbia. This report focuses on the promptness and completeness of DoD payments for the fourth quarter of FY 2001. This report also addresses the status of DoD Components' bills and payments from FYs 1992 through 2001.

Results. DoD Components' payments for water and sewer services received from WASA were prompt and complete for the fourth quarter of FY 2001. For the period of FYs 1992 through 2001, DoD Components paid 82 percent of water and sewer bills because:

- DoD Components did not agree with the U.S. Treasury’s estimated water and sewer bills and had not paid disputed amounts;
- The U.S. Treasury did not provide allocated water and sewer bills to DoD users of the Federally Owned Water Main (FOWM) until June 2001 and prior to June 2001, DoD users generally paid what they considered to be their “fair share;” and
- Water and Sewer Authority did not have an effective process for ensuring that individual users of the Federally Owned Water were charged for actual usage.

However, as of June 27, 2001, DoD Components paid or the U.S. Treasury withdrew the remaining 18 percent, or \$18.4 million, based on the U.S. Treasury’s authority under Public Law 106-554 to withdraw appropriations for prior year outstanding bills.

Management Comments. The Air Force provided comments stating that the U.S. Treasury withdrew the unpaid balance for all prior year bills on June 27, 2001. See the Management Comments section for a complete text of the management comments. We also received informal comments from the other DoD Components stating that all outstanding balances had been paid.

Audit Response. We revised the final report to reflect all payments made to the U.S. Treasury as of June 27, 2001.

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Background

This audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 requires the inspectors general of each Federal agency that receives water and sewer services from the District of Columbia to report to the Congressional Appropriations Committees on the promptness of payments within 15 days of the end of each quarter. This report is the third in a series of quarterly reports and discusses the promptness and completeness of DoD payments for the fourth quarter of FY 2001. This report also discusses the completeness of prior year payments.

The District of Columbia Water and Sewer Authority. The District of Columbia provides both water supply and wastewater treatment services to Federal agencies and DoD Components within the National Capital Region. Under the District of Columbia Public Works Act of 1954, the Federal Government was to receive water and sewer services from the District of Columbia. The District of Columbia was paid with an annual lump sum in accordance with the District of Columbia Appropriations Act. The District of Columbia Appropriations Act of 1990 (Public Law 101-168) changed the payment process by designating the U.S. Treasury as the collection agent for the Federal agencies' water and sewer payments, with the U.S. Treasury remitting a single payment to the District of Columbia. In October 1996, the District of Columbia City Council transferred water and sewer responsibilities from the Department of Public Works to the Water and Sewer Authority (WASA). WASA provides meter readings and annual estimated billings to the U.S. Treasury for water and sewer services provided to the Federal agencies, including DoD Components. See Appendix B for a list of DoD Components, composed of 18 separate installations, sites, and organizations, that received WASA services.

U.S. Treasury. The U.S. Treasury has the responsibility for paying WASA for water and sewer services provided to Federal agencies, including DoD Components. Based on meter readings and estimated bills that WASA provides to the U.S. Treasury, the U.S. Treasury makes quarterly payments to WASA. The U.S. Treasury bills Federal agencies and DoD Components annually for their estimated water and sewer usage. The DoD Components are required to make quarterly payments to the U.S. Treasury for those annually estimated bills. DoD Components make their payments to the U.S. Treasury through the Defense Finance and Accounting Service (DFAS).

DFAS Responsibilities. DFAS provides accounting services, to include making bill payments, to DoD Components and other Federal agencies. Specifically, DFAS Indianapolis provides financial services to the Army, DFAS Cleveland provides those same services to the Navy, and DFAS Denver provides financial services to the Air Force. The DoD Components submit requests for payments of water and sewer services to the appropriate DFAS location, and DFAS pays the U.S. Treasury either by check or electronically.

Objective

The objective was to determine the promptness of quarterly DoD payments to the U.S. Treasury for water and sewer services provided by the Government of the District of Columbia. This report focuses on the promptness and completeness of quarterly DoD payments for the fourth quarter of FY 2001. This report also addresses DoD Components' disputed and unpaid bills from FY 1992 through FY 2001. Appendix A discusses the audit scope and methodology and prior audit coverage.

DoD Payments to the U.S. Treasury

DoD Components' payments for water and sewer services received from WASA were prompt and complete for the fourth quarter of FY 2001. For the period of FYs 1992 through 2001, DoD Components paid 82 percent of water and sewer bills because:

- DoD Components did not agree with the U.S. Treasury's estimated water and sewer bills and had not paid disputed amounts;
- The U.S. Treasury did not provide allocated water and sewer bills to DoD users of the Federally Owned Water Main (FOWM) until June 2001 and prior to June 2001, DoD users generally paid what they considered to be their "fair share;" and
- WASA did not have an effective process for ensuring that individual users of the FOWM were charged for actual usage.

However, as of June 27, 2001, DoD Components paid or the U.S. Treasury withdrew the remaining 18 percent, or \$18.4 million, based on the U.S. Treasury's authority under Public Law 106-554 to withdraw appropriations for prior year outstanding bills.

Water and Sewer Payment Legislation

1990 Legislation. Public Law 101-168, the District of Columbia Appropriations Act of 1990, changed the payment method for Federal agencies' water and sewer consumption within the District of Columbia. Public Law 101-168 shifted responsibility for payment of water and sewer bills to the respective Federal agencies. Under Public Law 101-168, WASA is required to submit an annual budget to the Office of Management and Budget on April 15 of each year that includes an estimate of the cost of services for the Federal agencies. WASA also submits the estimated costs in a bill to the U.S. Treasury for the Federal agencies within the National Capital Region. The U.S. Treasury serves as a collection agent, receiving payments from individual agencies for their share of the estimated water and sewer usage, and remitting a single payment to the District of Columbia. Funds for water and sewer services come through the agencies' own operating budgets and their respective appropriations bills. The Federal agencies are required to make quarterly payments to the U.S. Treasury account entitled "Federal Payment for Water and Sewer Services" on the first day of each quarter. The U.S. Treasury is required to pay WASA from this account on the second day of each quarter. If there are insufficient funds in the account, the Secretary of the Treasury is to make payments from available funds, subject to reimbursement by the user agencies.

2001 Legislation. Public Law 106-554 amended the payment process so that the U.S. Treasury is now authorized and directed to automatically withdraw funds from Federal agencies and provide those funds to WASA by the second day of each quarter, when agencies do not forward timely payments of amounts billed by WASA.

Public Law 106-554 also directs that the withdrawal of funds be applied to current billed amounts and retroactively to past due amounts dating back to FY 1990. See Inspector General, DoD, Report No. D-2001-100, "Promptness and Completeness of FYs 2000 and 2001 DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," April 13, 2001, for a detailed explanation of the billing process and examples of U.S. Treasury FYs 2000 and 2001 billing letters. Although the Public Law does not allow any disputes over the estimated bill amounts, the U.S. Treasury sent revised billing letters in June 2001 stating that the DoD Components should discuss disagreements regarding billed amounts with WASA. Any agreements or bill adjustments that DoD Components make with WASA should be provided to the U.S. Treasury in writing.

Promptness and Completeness of Fourth Quarter Payments

As of June 27, 2001, DoD Components made prompt payments for the billed amounts for FY 2001, including the fourth quarter payments. As shown in Table 1, DoD Components were billed and paid the U.S. Treasury \$5.7 million for FY 2001.

Table 1. U.S. Treasury Billings and Payments for FY 2001 (As of June 27, 2001)	
	Amount Billed and Paid (thousands)
Walter Reed Army Medical Center	\$ 624 ¹
Fort McNair ²	27
Navy ³	2,241
Bolling Air Force Base	1,279
Pentagon	608
Fort Myer ⁴	0
Arlington National Cemetery	158
National Imagery and Mapping Agency	765
Total	\$5,702
¹ Actual billed amount for FY 2001 was \$793,000; however, credits from prior years reduced the amount owed in FY 2001 to \$624,000. ² Includes Fort McNair, National War College, and National Defense University Center ³ Includes Anacostia Naval Station, Bellevue Naval Housing, Naval Observatory, Marine Corps Barracks (8th & I), Naval Research Laboratory, Nebraska Avenue Annex, Potomac Annex, and Washington Navy Yard ⁴ Fort Myer was not billed and did not make any payments in FY 2001 because it discontinued water services in January 1999. Fort Myer receives and pays for water services provided by Arlington County, Virginia.	

DoD Components' payments were generally prompt and complete for FY 2001.

Status of DoD Payments for FYs 1992 through 2001

Public Law 101-168 requires DoD Components to make quarterly payments to the U.S. Treasury by the first day of each quarter based on one-fourth of the estimated yearly bill. However, DoD Components have not always made prompt and complete payments in accordance with the law. In the first report of this series, Inspector General, DoD, Report No. D-2001-053, "DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," February 15, 2001, we reported that DoD Components had unpaid bills for FYs 1990 through 2001 totaling \$28.2 million. Since that report, the DoD Components, the U.S. Treasury, and Inspector General, DoD, audit staff have been working together to reconcile all

outstanding and past due amounts. As a result, the reconciliation process determined that DoD Components still owed the U.S. Treasury \$18.4 million for FYs 1992 through 2001, as of June 25, 2001. See Table 2 for a breakdown by Component. On June 12, 2001, the U.S. Treasury sent letters to all DoD Components that are delinquent in payment. The letters stated that the U.S. Treasury plans to withdraw all past due funds from their appropriations if the U.S. Treasury has not received payment by June 25, 2001. As a result, DoD Components made payments or the U.S Treasury withdrew funds totaling \$18.4 million on June 27, 2001.

**Table 2. U.S. Treasury Billings and Payments
For FYs 1992 through 2001
(in thousands)**

DoD Component	Amount Billed Per U.S. Treasury ¹	Payments Prior to June 25, 2001	Payments Made on June 27, 2001
Defense Virginia ²	\$ 10,744	\$ 5,221	\$ 5,523 ³
Army ⁴	7,208	6,448	760
Navy ⁵	55,077	49,033	6,044
Air Force ⁶	23,690	17,404	6,286
NIMA ⁷	5,917	5,765	152
Total	\$102,636	\$84,171	\$18,465

¹The amounts include actual usage for FYs 1992 through 1998 and estimated bills for FYs 1999 through 2001

²Includes the Pentagon, Arlington Cemetery and Fort Myer because they share the same meter and are not billed separately.

³This amount includes a \$373,000 credit that Fort Myer received due to an overpayment on behalf of the Department of the Army

⁴Includes Fort McNair, Walter Reed Army Medical Center, National War College, and National Defense University Center.

⁵Includes Anacostia Naval Station, Bellevue Naval Housing, Naval Observatory, Marine Corps Barracks (8th & I), Naval Research Laboratory, Nebraska Avenue Annex, Potomac Annex, and Washington Navy Yard

⁶Includes Andrews Air Force Base and Bolling Air Force Base; the amount used for Andrews Air Force Base includes FYs 1991 through 1993.

⁷National Imagery and Mapping Agency

Detailed information shown in Table 2 is discussed in the following paragraphs.

Defense Virginia. The Pentagon, Fort Myer and Arlington National Cemetery are collectively referred to in this report as “Defense Virginia.” The Defense Virginia components owed \$5.5 million for FYs 1992 through 2001, as of June 25, 2001. The Defense Virginia components and two non-DoD facilities, Interior Department and

Ronald Reagan National Airport, are all users of the FOWM. WASA used two meters shared among the Defense Virginia components and the two non-DoD facilities to determine each facility's water usage and the amount the U.S. Treasury should bill. However, in April 2001, Washington Headquarters Services installed new meters at the Pentagon and Arlington National Cemetery. The Washington Headquarters Services is the component responsible for the operation of the Pentagon utility system and for financial payment for services received.

Prior to June 12, 2001, the U.S. Treasury sent the same meter reading and billing information to the three Defense Virginia components, even though each component was expected to pay only for its own usage. An outstanding balance remained on the Defense Virginia bill because the Defense Virginia components paid based on the amount the components believed they owed. In addition, WASA incorrectly included Ronald Reagan National Airport's water usage in the Defense Virginia shared meter reading, even though WASA separately billed the Airport for water based on actual usage. WASA overbilled the DoD users of the FOWM by approximately \$2.0 million for FYs 1990 through 2001. WASA is in the process of reconciling the bills and payments for the users of the FOWM.

On June 12, 2001, the U.S. Treasury informed the Defense Virginia components that Public Law 106-554 gave the U.S. Treasury authority to withdraw funds from agency appropriations for unpaid water and sewer usage. To comply with the Public Law, the U.S. Treasury requested WASA to allocate the Defense Virginia bill among known users. WASA assisted the U.S. Treasury in resolving this issue by preparing an estimated allocation based on the best information made available by the Federal government. As a result, the Defense Virginia components resolved their outstanding bill of \$5.5 million on June 27, 2001. The following three paragraphs briefly discuss the history and status of each Defense Virginia component.

Pentagon. The U.S. Treasury billed the Pentagon \$6.1 million for the period of FY 1992 through FY 2001. Prior to June 25, 2001, the Pentagon paid \$2.9 million, and, as of June 27, 2001, the Pentagon paid the outstanding balance of \$3.2 million for FYs 1992 through 2001.

Arlington National Cemetery. On June 12, 2001, the U.S. Treasury billed Arlington National Cemetery \$1.6 million for the period of FY 1992 through FY 2001. Prior to June 25, 2001, the Cemetery had paid \$305,000, leaving an outstanding balance of approximately \$1.3 million for FYs 1992 through 2001. The Cemetery sent a letter on June 13, 2001, to the U.S. Treasury stating that their procedures since 1995 were to pay water bills based on engineering estimates because the Cemetery had not installed individual water meters to account for consumption. Furthermore, the Cemetery stated that the U.S. Treasury allocated bill was not reasonable and that paying the bill would jeopardize the Cemetery's ability to accomplish its mission. The Cemetery requested the U.S. Treasury to wait to withdraw funds until newly installed water meters can be used to determine actual water usage. Nevertheless, the Cemetery borrowed the \$1.3 million, which was provided to the U.S. Treasury on June 27, 2001.

Fort Myer. The U.S. Treasury billed Fort Myer \$3.0 million for the period of FY 1992 through FY 2001. As of June 25, 2001, Fort Myer had paid \$2.0 million, leaving an outstanding balance of \$1.0 million. Fort Myer had not made any payments

in FY 2001 because they had discontinued water services in January 1999. Although Fort Myer now receives and pays for water services provided by Arlington County, Fort Myer will continue to receive a bill from the U.S. Treasury until the FY 1999 actual meter readings are billed in FY 2002. As a result of its June 12, 2001, letter, the U.S. Treasury withdrew \$618,000 from Fort Myer's appropriation on June 27, 2001, after applying a credit of \$373,000. Therefore, Fort Myer's bill is considered paid in full.

Army. As of June 25, 2001, Army components owed a net \$760,000, which was paid on June 27, 2001.

Walter Reed Army Medical Center. U.S. Treasury records indicated that Walter Reed Army Medical Center owed \$760,000 for water and sewer services received during FYs 2000 and 2001. As a result of its June 12, 2001, letter, the U.S. Treasury withdrew \$760,000 from Walter Reed Army Medical Center's appropriation on June 27, 2001.

Fort McNair. Fort McNair did not have any outstanding payments for FYs 1992 through 2001.

Navy. U.S. Treasury records indicated that the Navy owed approximately \$6.0 million for water and sewer services received from FYs 1992 through 2001. The Navy has reconciled payments with the U.S. Treasury for FYs 1992 through 1998. In addition, more recent data from WASA states that the Navy's actual water and sewer usage for FYs 1999 and 2000 was \$4.6 million. The actual usage was less than both the \$15.1 million estimated and the \$8.9 million paid for those 2 years. However, as a result of the June 12, 2001 U.S. Treasury letter, the Navy made two payments on June 27, 2001, totaling \$6.0 million, to resolve the outstanding balances for FYs 1999 and 2000.

Air Force. As of June 25, 2001, the Air Force owed \$6.2 million according to U.S. Treasury records. However, as a result of the June 12, 2001, letter, the U.S. Treasury withdrew \$6.2 million from Air Force appropriations on June 27, 2001.

Bolling Air Force Base. Bolling AFB owed the U.S. Treasury a total of \$4.1 million; \$3.9 million of the \$4.1 million was for FY 1992 through FY 2000 and \$194,000 was the remaining amount to be paid for FY 2001. Although the Air Force had not paid the full amounts of the estimated bills of \$3.3 million for FY 1999 and \$3.8 million for FY 2000, more recent data from WASA stated that Bolling AFBs actual usage was \$1.0 million for FY 1999 and \$1.4 million for FY 2000. Also, Bolling AFB had a balance of \$194,000 because of an issue with two water meters at Bolling AFB. Two water meters at Bolling AFB are calibrated in gallons, but WASA bills report usage amount in Hundred Cubic Feet. The U.S. Treasury may have overbilled Bolling AFB for the two water meters that are in gallons, and Bolling AFB may be due a credit. However, on June 27, 2001, the U.S. Treasury withdrew \$4.1 million from Air Force appropriations.

Andrews Air Force Base. Andrews AFB owed the U.S. Treasury a total of \$2.1 million. Andrews AFB was billed a total of \$6.6 million for water consumption for FYs 1991 through 1993. In June of 1993, Andrews AFB discontinued use of water

and sewer services received from WASA. The Washington Suburban Sanitary Commission now supplies water to Andrews AFB. As of June 25, 2001, the Air Force had paid the U.S. Treasury a total of \$4.5 million of the billed amount, leaving a balance of \$2.1 million. However, on June 27, 2001, the U.S. Treasury withdrew \$2.1 million from Air Force appropriations to pay for prior water and sewer bills.

National Imagery and Mapping Agency. The U.S. Treasury billed the National Imagery and Mapping Agency \$5.9 million for the period of FYs 1992 through 2001. The National Imagery and Mapping Agency paid approximately \$5.8 million of the amounts billed leaving an outstanding balance of \$152,000. As a result of the June 12, 2001, letter, the U.S. Treasury withdrew \$152,000 from National Imagery and Mapping Agency's appropriation on June 27, 2001.

Summary

DoD Components have worked with the U.S. Treasury to reconcile all bills and payments for FYs 1992 through 2001. DoD has disagreements that are still unresolved concerning the accuracy of the estimates and timeliness of the bills. Based on Public Law 106-554, the U.S. Treasury withdrew or DoD Components paid the \$18.4 million as of June 27, 2001.

Appendix A. Audit Process

Scope and Methodology

Work Performed. We reviewed DoD Components' billing and payment information from FY 1992 through the fourth quarter of FY 2001 for water and sewer services provided by WASA. Specifically, we reviewed the U.S. Treasury billing and payment information for DoD Components from FYs 1992 through 2001, including checks from several DFAS centers. We reviewed bills received by DoD Components from the U.S. Treasury to establish the amounts billed for water and sewer services. We also reviewed DoD disbursement vouchers submitted to the U.S. Treasury from FY 1992 through the fourth quarter of FY 2001, to determine the amounts paid by DoD Components. For the period, we obtained available water and sewer service bills from the U.S. Treasury totaling \$102.6 million and DoD payments made to the U.S. Treasury totaling \$84.2 million. We also received confirmation from the U.S. Treasury that the remaining \$18.4 million was paid on June 27, 2001. We did not rely on computer-processed data for our review of billing and payment data from DoD Components. See Appendix B for a list of the DoD Components receiving water and sewer services from WASA.

DoD-Wide Corporate Level Government Performance and Results Act Goals. In response to the Government Performance and Results Act, the Secretary of Defense annually establishes DoD-wide corporate level goals, subordinate performance goals, and performance measures. This report pertains to achievement of the following corporate-level goal and subordinate performance goal:

- **FY 2001 Corporate-Level Goal 2:** Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **(01-DoD-2)**
- **FY 2001 Subordinate Performance Goal 2.5:** Improve DoD financial and information management. **(01-DoD-2.5)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Financial Management high-risk area.

Audit Period and Standards. We performed this financial-related audit from April through June 2001 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We performed our work in accordance with generally accepted Government auditing standards except that we were unable to obtain an opinion on our system of quality control. The most recent external quality control review was withdrawn on March 15, 2001, and we will undergo a new review.

Management Controls. The audit was a congressional request; therefore, we did not review the management control program.

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD and within the U.S. Treasury, the U.S. General Accounting Office, and the District of Columbia Water and Sewer Authority. Further details are available upon request.

Prior Coverage

Inspector General, DoD

Inspector General, DoD, Report No. D-2001-053, "DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," February 15, 2001

Inspector General, DoD, Report No. D-2001-100, "Promptness and Completeness of FYs 2000 and 2001 DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," April 13, 2001

Appendix B. DoD Customers of the Water and Sewer Authority

According to the District of Columbia Water and Sewer Authority, the list below identifies the 18 DoD Components for which the Water and Sewer Authority provides estimated bills to the U.S. Treasury for water and sewer services for FYs 1992 through the fourth quarter of 2001.

Army

Arlington Cemetery
Fort McNair
Fort Myer
Walter Reed Army Medical Center

Navy

Anacostia Naval Station
Bellevue Naval Housing
Marine Corps Barracks, 8th & I
Naval Observatory
Naval Research Laboratory
Nebraska Avenue Annex
Potomac Annex
Washington Navy Yard

Air Force

Andrews Air Force Base
Bolling Air Force Base

Other Defense Organizations

National Defense University Center
National Imagery and Mapping Agency
National War College
Washington Headquarters Services

Appendix C. Report Distribution

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Commander, Walter Reed Army Medical Center
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Director, Arlington National Cemetery

Department of the Navy

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Department of the Air Force

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Commander, Bolling Air Force Base

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House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

Air Force Comments

Final
Report
Reference



Office Of The Assistant Secretary

DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

9 July 2001

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

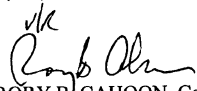
FROM: SAF/FMBOI

SUBJECT: Air Force Comments to Audit Report on Promptness and Completeness of FY2001
Fourth Quarter DoD Payments to the U.S. Treasury for Water and Sewer Services
Provided by the District of Columbia (Project No. D2001FA-0070.002)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) provide Air Force comments on the subject report.

Table 2 of the report shows the Air Force still owing \$6,286K for prior year bills
covering FYs 1992 through 2000. On 27 Jun 01, Treasury acted to withdraw \$6,286,103.68
from Air Force accounts satisfying 100% of the Air Force prior year bills. Additionally, the Air
Force has provided funding and established obligations to satisfy these requirements. Finally,
based on information provided by the DoDIG, DCWASA may owe the Air Force several million
dollars due to overcharges and billing discrepancies.

Our POC on this issue is Major Allen Blume, (703) 614-7510.


RORY B. CAHOON, Colonel, USAF
Chief, Integration and Management
Funds Division

cc: SAF/FMPF

Revised,
Pages 6
and 8

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